

**IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE**

**IN RE: E-BOX, LLC
Debtor**

**CHAPTER 11
CASE NO. 22-23526**

REPORT OF AUCTION

COMES NOW E-Box, LLC (the “Debtor”) and files this its *Report of Auction* (the “Report”), and in support thereof would respectfully show as follows, to-wit:

1. The Debtor, through its investment banker, SC&H Group, Inc. (“SC&H”), represented by Hank Waida and Michael Alessi, conducted an auction of substantially all of the Debtor’s assets on January 31, 2023 in Memphis, Tennessee.
2. The results of the auction were a series of rounds of robust bidding with the highest and best bidder, as well as the back-up bidder, being determined at the auction. In addition, certain of the assets that were not included within the sale to the highest and best bidder, nor to the back-up bidder, and which have been designated as assets that were not currently being used by the Debtor, were purchased by yet another bidder, all of which will be detailed hereinafter.
3. The highest and best bidder is K&S TE, LLC (“K&S”) with a bid of approximately \$13,400,000. The bid is subject to two possible adjustments: the first adjustment has to do with the amount of containers that are verified by K&S. In the event the verified container count is less than 2,223, K&S will deduct \$1,600 per container from the purchase price. In the event the verified container count reflects that there are more than 2,223 containers, K&S will add \$1,600 per container to the purchase price. The second adjustment has to do with accounts receivable. Under the current version of the Asset Purchase Agreement which was executed by K&S, the amount of accounts receivable was determined, as of January 4, 2023, for

a total price of approximately \$814,345. The amount of accounts receivable, for purposes of the actual sale, will be determined as of the date of closing, based upon the Debtor's books and records. The purchase price of the accounts receivable will be adjusted accordingly as of that date, which may result in an upward adjustment (if the amount of the accounts receivable exceeds \$814,345.00) or it may result in a downward adjustment (if the amount of the accounts receivable is less than \$814,345.00).

4. The back-up bidder, for substantially all of the Debtor's assets, is FusionSite Memphis, LLC. Its bid was \$13,300,000, and its bid is subject to the same adjustments as described in the next preceding paragraph with respect to container count and amount of accounts receivable as of the date of closing.

5. The Debtor also sold a certain block of assets that has been described as "assets not currently in use by the Debtor". The highest and best (and the only) bidders for those assets was Myron Bowling Auctioneers, Inc., Maynards Industries USA, LLC, and SOVF, LP. Its bid of \$400,000 was the winning bid for that block of assets.

6. A matrix reflecting the bidders and amounts in the rounds of bidding is attached, incorporated by reference and marked as **Exhibit "A"**.

7. Additionally, the 14 week report of SC&H is attached, marked as **Exhibit "B"** and incorporated by reference. It reflects the sale process from beginning to end.

WHEREFORE, PREMISES CONSIDERED, the Debtor submits this its *Report of Auction* of the auction which was conducted by SC&H on January 31, 2023, in Memphis, Tennessee.

THIS, the 7th day of February, 2023.

Respectfully submitted,

E-BOX, LLC

By Its Attorneys,

LAW OFFICES OF CRAIG M. GENO, PLLC

By: /s/ Craig M. Geno
Craig M. Geno

OF COUNSEL:

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CERTIFICATE OF SERVICE

I, Craig M. Geno, do hereby certify that I have caused to be served this date, via electronic filing transmission, a true and correct copy of the above and foregoing to all creditors and parties in interest, and to the following:

Carrie Ann Rohrscheib, Esq.
Office of the United States Trustee
carrie.a.rohrscheib@usdoj.gov

THIS, the 24 day of February, 2023.

/s/ Craig M. Geno
Craig M. Geno

Bidder:		Newt							
Individual Properties		Fusion	E-Box of TN	K&S TE Capital	E-Box MidSouth	Myron Bowling	Truck Market	High Bid	
Lots 1,2,4,5		12,500,000	10,200,000	12,600,000	7,485,655	8,300,000		12,600,000	
Lot 3 AR		814,345						814,345	
Trailers Not Utilized in E-Box Operations								-	
1.1 Trailers Not Utilized in E-Box Operations									
Total						400,000	350,000	400,000	
100,000 Increments		12,700,000						13,814,345	
75,000 Increments		100,000							
50,000 Increments		914,345							
25,000 Increments		100,000							
10,000 Increments		100,000							
5,000 Increments		100,000							

EXHIBIT "A"

**MARKETING VALIDATED PRICE REPORT
E-BOX, LLC
SC&H GROUP, INC.**

To: Parties-In-Interest:

Byron Brown	byron@eboxeplex.com
Jim Chapman	jimc@eboxeplex.com
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From:	Hank Waida	hwaida@schgroup.com
	Ken Mann	kmann@schgroup.com
	Mike Alessi	malessi@schgroup.com
	Mike Hanlon	mhanlon@schgroup.com

Date: February 6, 2023

Re: 14th Weekly Report & Marketing Validated Price Report

This is the fourteenth report and Market Validated Price Report based on SC&H Group, Inc.'s ("SC&H") marketing efforts on behalf of E-Box, LLC ("Ebox"). Please see previous reports for continuity.

MARKETING SUMMARY:

Hank Waida from SC&H toured the Ebox facility and met with Byron Brown, Jim Chapman and Bob Mims on Wednesday, October 26 to discuss the information we needed for the marketing process. A motion was filed to engage our firm on October 27, and we immediately began reviewing all the information received from the Ebox team. The SC&H team conducted a follow-up call with Bob Mims on Monday, October 31 to go through the financials and discuss additional information we needed to finalize the investment teaser and executive summary. The court approved our engagement on Thursday, November 3.

MARKETING PROCESS OVERVIEW:

The objective of our marketing program was to use a variety of media and methods to motivate as many qualified potential buyers as possible to participate in the process. We simultaneously ran broad and highly targeted campaigns which consisted of the following:

- 1) Direct mail & email blast campaign
- 2) Outreach call campaign

EXHIBIT "B"

3) Print and internet advertising

4) Public relations campaign

Investment Teaser/Email Blast – SC&H drafted an investment teaser (“Teaser”) for our direct mail campaign.

Executive Summary – SC&H created an executive summary outlining the opportunity with information provided to us from the Ebox team including current and historical financials, proforma, and operational information. Once a prospect executed an NDA, they were sent the executive summary in order to begin to analyze the opportunity.

Virtual Data Room (“VDR”) – SC&H compiled more detailed information about the company to an online virtual data room (VDR). The VDR was updated periodically as the marketing process progressed to include additional information requested from prospects. A prospect was sent access to the VDR after they signed an NDA and reviewed the Executive Summary if they were interested in continuing to conduct due diligence.

Call/Direct Mail/Email Blast List – SC&H created a list of the most likely prospects to consider acquiring Ebox. Prospects were chosen based on their Standard Industrial Classification (“SIC”) Code, size, and/or because we knew they may be interested in this type of investment. We selected approximately **800-1,000** companies as targets for our direct mail program and approximately **75** targets for our outreach call program. In addition, we reached out via direct mail or email blast to over **875** companies from our internal prospect database, which consists of PE firms, family offices, individual investors, and prospects that have looked at similar opportunities we have represented in the past. We also reached out to any prospect referred to us by the Ebox team.

Internet Advertising – SC&H submitted information about the opportunity to the largest Internet listing service, **Bizbuysell.com**. Because we are members of **BrokerWorks.com**, the listing was also included on over 135 partner websites across the US, including: **Bloomberg Businessweek**, **Bizjournals**, and **The Wall Street Journal Small Business**. The opportunity was also posted on **Bizquest.com**, SC&H’s website, and PE-Nexus, a service that pairs private equity, investment bankers and opportunities.

Public Relations Campaign – SC&H drafted a press release and sent it to the following local, regional, national and industry media in an effort to garner free press and present the opportunity in a favorable manner:

Newspapers: *Collierville Herald-Independent*; *Memphis Commercial Appeal*; *Memphis Business Journal*

Trade Publications: *Recycling Today*; *Resource Recycling*; *Waste Dive*; *American Recycler*; *Waste Advantage Magazine*

M&A Publications: *Venture Capital Journal*, *Buyouts*, *Turnarounds & Workouts*, *ABL Advisor*, *ABL Advisor*, *ABF Journal*, *The Monitor*, *ABI Journal*, *Journal of Corporate Renewal*, *The Secured Lender*, and *Merger Market & Dealreporter*

Print or Digital Advertising – SC&H created a print ad that ran in the following publications on the corresponding dates:

Wall Street Journal – 12/8, 12/9, 12/10

Memphis Business Journal – 12/16

American Recycler Magazine – The 1st week of January

Waste Advantage Magazine – The 1st week of January

Bid Procedures & Auction Timeline – SC&H consulted with Craig Geno on the bid procedures and auction timeline.

Weekly Reports – SC&H kept all parties-in-interest updated on the process via detailed weekly written reports.

Management Calls/Site Visits – Management calls/equipment inspections and/or site visits were conducted with the following groups:

K&S Capital (K&S TE)

FusionSite Services (FusionSite Memphis)

Maco Transport (E-Box Mid-South)

Draw Enterprises (E-Box of TN)

Myron Bowling Auctioneers

Maynards Industries

Northwest Refuse

Bearden Integrated Services

Waste Solutions, Inc.

Waste Pro. USA

HGD Waste Solutions

Trinity Business Group

Miller Mathews /Enviro-Management Partners/

Helack, Inc.

Surplus Solutions

Tiger Group

The following offers were submitted for stalking horse consideration by the December 30, 2022 stalking horse bid deadline:

Entirety Offers:

K&S TE, LLC – This group initially submitted an asset purchase agreement with a purchase price for all assets of the company, including AR, for \$2,500,000 with the intention to operate the company as a going concern business. SC&H was successful in significantly improving the offer and increasing the purchase price to \$4,400,000 and having them agree to exclude the AR. K&S was looking for a 3% break-up fee plus \$10,000 in expenses. Their attorney floated an offer of \$5,700,000 without AR but never responded to a request for confirmation of the break-up fee and land lease requirements.

Draw Enterprises/George Ward/E-Box of Tn, LLC – This group submitted an asset purchase agreement along with a \$330,000 deposit offering \$6,600,000 for all assets of the company, including AR. Their offer had the following provisions:

1. Use of the Seller's location for a period of 6 months post-closing for a monthly rental payment of \$12,000 to operate, assemble, and store any purchased assets.
2. A purchase price reduction of \$1,600 for each dumpster unaccounted for or unavailable at the time of closing.

SC&H was successful in improving how much this group was willing to pay for the receivables as follows (purchase price breakdown based on the November 2022 AR aging report totaling \$1,772,195):

0-29 days(current): 82%	From November 2022 is \$726,824
30-59 days: 65%	From November 2022 is \$323,411
60-89 days: 25%	From November 2022 is \$47,797
90+ days: 2%	From November 2022 is \$4,108

Total AR: \$1,102,140

By increasing these percentages, the purchase price being offered increased from \$6,600,000 to \$6,712,140 (subject to the actual AR and dumpsters accounted for at closing and use of the facility for up to six months after closing at a monthly rental rate of \$12,000).

Equipment Only Offers:

Capital Recovery Group/PPL Acquisitions – This group initially submitted an LOI for all Ebox owned equipment and AR for \$5,600,000 with the following provisions:

1. Three weeks from closing Seller will return all dumpsters to the main yard empty.
2. Final dumpster removal fees will not be included in the AR being purchased.
3. Seller is able to use trucks to pick up dumpsters provided any damages are repaired.
4. Purchaser will hold back a mutually agreeable amount to ensure all dumpsters currently off site are returned.
5. Buyer is requesting free use of the facility for 120 days with an option for up to an additional 60 days at \$20,000/month.
6. Buyer is requesting a 2% break-up fee and \$125,000 minimum overbid.
7. Offer is valid up until 12/28/22.
8. If this LOI is agreeable, Buyer is fully prepared to spend the appropriate time to get offer executed with a definitive purchase agreement.

This group would consider offering \$4,300,000 for the trucks and dumpsters only and would either exclude the AR or make a separate bid for the AR.

Waste Solutions – This group submitted an APA offering \$134,000 for select pieces of equipment.

After discussing all offers with the Ebox team it was decided to designate the offer submitted by George Ward/E-Box of TN, LLC as the Stalking Horse Bidder as this offer combined with the cash on hand at closing appeared to cover all secured debt and outstanding ad-valorem taxes.

Hank Waida participated in the hearing to approve bid procedures that was held on Wednesday, January 11 at the Western District of Memphis Bankruptcy Court where the judge approved the stalking horse bidder, bid procedures, and finalized the following auction timeline:

Bid deadline for bids and deposits:	Jan. 25, 2023 at 4:00 p.m. (prevailing Central Time)
Auction:	Jan. 31, 2023 at 10:00 a.m. (prevailing Central Time)
Auction Location:	To be determined
Sale Hearing:	February 9, 2023 at 12:00 Noon (prevailing Central Time), at The United States Bankruptcy Court for the Western District of Tennessee
Closing:	On, or before, March 1, 2023

SC&H prepared a revised stalking horse bid notification and auction timeline and emailed it to all groups that signed an NDA.

As of the January 25 bid deadline SC&H received initial offers and deposits from six bidders. The Debtor determined the highest and best offer going into the January 31 auction to be from FusionSite Memphis LLC with a total purchase price of \$7,000,000 allocated as follows (The purchase price allocation was arbitrarily provided by the bidder and was not agreed to by the Debtor prior to the auction):

Lot 1: \$25,000 all personal property assets, including but not limited to tooling, equipment, computer systems and software, furniture, machinery, office equipment, furnishings, and instruments.

Lot 2: \$10,000 any and all intellectual property rights and/or proprietary rights, brands, trademarks, customer lists, website domains, permits, licenses, registrations, entitlement renewals, approval from government agencies, confidential business information, business/marketing plans, goodwill, service marks, internet resource locators ("URL"s), trade dress, logos, trade names, trade secrets, emails, together with all applications, restorations, and renewals in connection therewith.

Lot 3: \$814,345 any and all Accounts Receivable.

Lot 4: \$2,100,000 any and all trucks, tractors, trailers and rolling stock, including 56 vehicles on Exhibit B.

Lot 5: \$4,050,655 all containers/dumpsters on Exhibit C, including 2,223 dumpsters. Said purchase price to be reduced by \$1,822.00 for each container unaccounted for or unavailable at the time of closing.

Lot 3 Stipulation: The AR was based on the January 4th AR report and the percentages being paid for each bucket are as follows:

0-29 days (current): 85%	From January 4 AR is \$563,907
30-59 days: 75%	From January 4 AR is \$211,590
60-89 days: 25%	From January 4 AR is \$30,163
90+ days: 5%	From January 4 AR is \$8,685
Purchase Price for AR:	\$ 814,345

For the purpose of the auction, we pulled the AR out of what was being bid, and announced that the winning bidder will be purchasing the AR using the percentages above for each bucket of the actual AR at closing, in addition to the cash amount bid on the combination of lots 1,2,4 and 5. For example, this bid was described at the auction as being \$6,185,655 (\$7,000,000 – 814,345) plus the Purchase Price for AR at closing.

Lot 4 Stipulation: all assets listed on Exhibit B as "Not being utilized in the E-Box business Operations" were excluded from this lot so we proceeded with the auction based on that assumption. An opportunity to bid on those trailers was provided after the business assets were bid on. There was a high bid going into the auction for 11 trailers on that exhibit for \$350,000 from Truck Market.

Auction Summary:

The auction took place at the Memphis Hilton at 10:00AM on January 31. The proceedings were recorded by SC&H via TEAMS and a court reporter was engaged by the Debtor to provide a transcript of the proceedings.

The Debtor's Team Included:

- In person: Hank Waida and Mike Alessi from SC&H
(On-line: Ken Mann and Mike Hanlon from SC&H)
- Craig Geno – Law Offices of Craig M. Geno, PLLC – Counsel for the Debtor
- Katie Carter – Law Offices of Craig M. Geno, PLLC – Paralegal for Counsel for the Debtor
- Dustin Lough – CR3 Capital – CRO for the Debtor
- Bob Mims – CPA for the Debtor
- Byron Brown – Representing the Debtor
- Jim Campbell – Representing the Debtor

The following six prospects were deemed qualified to participate in the auction:

- 1) E-Box of TN, LLC – Bidder: George Ward
- 2) FusionSite Memphis LLC – Bidder: John Petri
- 3) K&S TE, LLC – Bidder: Adam Khoshkerman
- 4) E-Box Midsouth, LLC – Bidder: Newt Pate
- 5) Myron Bowling Auctioneers, Inc. – Bidder: Kevin Gamm
- 6) Truck Market - Bidder: Mike Freese (participating online)

The auction began at 10:00 AM Central with Hank Waida introducing all participants attending the auction in person and on online via TEAMS and making opening announcements reiterating key points in the bid procedures and explaining how the auction would be proceeding.

The highest current high bid from FusionSite Memphis, LLC was announced, and bidders were asked to acknowledge verbally that they agreed to the various stipulations in that bid as the auction progressed.

We began the auction with the high bid for Lots 1,2,4 & 5 at \$6,185,655 plus the Lot 3 AR as described above with \$100,000 bid increments. The auction proceeded at the \$100,000 bid increments unless a bidder called out a bid higher than that amount as well as occasional pauses for bidders and/or the Debtor to consult with their teams. After 56 rounds, the bidding stalled at \$12,600,000 from K&S TE and \$12,500,000 from FusionSite Memphis. A one-time drop in the bid increments to \$50,000 was announced, however there were no further bids. At that time the Debtor announced the winning bidder to be K&S TE at \$12,600,000 plus the AR and the back-up bidder to be FusionSite Memphis LLC at \$12,500,000 plus the AR.

At that point the Debtor announced an additional trailer to be added to the assets on Exhibit B labeled as "Not being utilized in the E-Box Operations" and announced the high bid on 11 trailers from that exhibit from Truck Market at \$350,000. A bid was called out from Myron Bowling for \$400,000 for all assets on the exhibit other than the RotoChopper. There were no other bids, so the Debtor announced the winning bidder for those assets (less the RotoChopper) to be Myron Bowling Auctioneers and the back-up bidder on 11 trailers to be Truck Market at \$350,000.

The marketing effort made by SC&H was thorough and complete. It was a very broad national marketing process, intended to make sure the marketplace was aware of the opportunity, and every effort was made to identify and accommodate any prospect that had any interest, including strategic buyers, individual investors, financial buyers, and equipment buyers. We welcomed input from all parties-in-interest as to any additional marketing efforts to be pursued. We have no possible way of knowing at the beginning of an engagement what that value is, but we are extremely confident that once a competitive auction takes place, the highest amount the market will deliver will be realized with no stone left unturned. Based on this, the Market Validated Price for the E-Box assets is as follows:

Lots 1,2,4 &5:	\$12,600,000 (Subject to final dumpster count at closing)
Lot 3:	\$814,345 (subject to final price adjustment at closing)
<u>Other Assets:</u>	<u>\$400,000</u>
Total:	\$13,814,345

Thank you.